

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2012 AND 2011

Yoakum, Lovell & Co., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
TABLE OF CONTENTS  
DECEMBER 31, 2012 AND 2011

	<u>PAGE</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-4
INDEPENDENT AUDITORS' REPORT	5-6
BALANCE SHEETS	7-8
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	9
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11-18
SUPPLEMENTARY INFORMATION	
SCHEDULE OF OPERATING, BOARD DESIGNATED AND RESTRICTED FUNDS	19
DEPARTMENTAL STATEMENTS OF REVENUES AND EXPENSES	20
SCHEDULE OF PLANT PRODUCTION AND TREATMENT EXPENSES	21
SCHEDULE OF GENERAL, DISTRIBUTION AND COLLECTION EXPENSES	22
SCHEDULE OF ADMINISTRATIVE EXPENSES	23
SUPPLEMENTAL WATER AND SEWER DISCLOSURES	24
REVENUE BOND AMORTIZATION SCHEDULE - DECEMBER 1, 2006	25-26
REVENUE BOND AMORTIZATION SCHEDULE - MARCH 6, 2009	27-28
REVENUE BOND AMORTIZATION SCHEDULE - APRIL 1, 2012	29-30
ESTIMATED DEBT SERVICE COVERAGE	31
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS FOR BENTON UTILITIES EMPLOYEES' PENSION PLAN	32

## MANAGEMENT'S DISCUSSION AND ANALYSIS

THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF BENTON MUNICIPAL LIGHT AND WATER WORKS' (UTILITY SYSTEM) FINANCIAL PERFORMANCE PROVIDES AN OVERVIEW OF THE UTILITY SYSTEM'S FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012. PLEASE READ IT IN CONJUNCTION WITH THE UTILITY SYSTEM'S FINANCIAL STATEMENTS, WHICH ARE PRESENTED ON PAGES 7 THROUGH 18.

### REQUIRED FINANCIAL STATEMENTS

THE FINANCIAL STATEMENTS OF THE UTILITY SYSTEM REPORT INFORMATION UTILIZING THE FULL ACCRUAL BASIS OF ACCOUNTING. THE FINANCIAL STATEMENTS CONFORM TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE BALANCE SHEETS INCLUDE INFORMATION OF THE UTILITY SYSTEM'S ASSETS AND LIABILITIES AND PROVIDE INFORMATION ABOUT THE NATURE AND AMOUNTS OF INVESTMENTS IN RESOURCES (ASSETS) AND THE OBLIGATIONS TO UTILITY SYSTEM CREDITORS (LIABILITIES). THE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION IDENTIFY THE UTILITY SYSTEM'S REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011. THIS STATEMENT PROVIDES INFORMATION ON THE UTILITY SYSTEM'S OPERATIONS OVER THE PAST TWO YEARS AND CAN BE USED TO DETERMINE WHETHER THE UTILITY SYSTEM HAS RECOVERED ALL OF ITS COSTS THROUGH USER FEES AND OTHER CHARGES. THE THIRD FINANCIAL STATEMENT IS THE STATEMENT OF CASH FLOWS. THIS STATEMENT PROVIDES INFORMATION ON THE UTILITY SYSTEM'S CASH RECEIPTS, CASH PAYMENTS, AND CHANGES IN CASH RESULTING FROM OPERATIONS, INVESTMENTS, AND FINANCING ACTIVITIES. FROM THE STATEMENTS OF CASH FLOWS, THE READER CAN OBTAIN COMPARATIVE INFORMATION ON THE SOURCE AND USE OF CASH AND THE CHANGE IN THE CASH BALANCE FOR EACH OF THE LAST TWO YEARS.

### 2012 FINANCIAL HIGHLIGHTS

- THE UTILITY'S TOTAL REVENUES INCREASED BY \$240,458 OR 0.643% FROM \$37,414,158 AT DECEMBER 31, 2011 TO \$37,654,616 AT DECEMBER 31, 2012. THE INCREASE IN REVENUES IS IN GREAT PART DUE TO A FEDERAL GRANT WE RECEIVED TO REPLACE ELECTRIC LIGHTING WITH HIGHER EFFICIENCY LED LIGHTING IN OFFICES AND STREET LIGHTS, AS WELL AS AN INCREASE IN WASTEWATER CONNECTION FEES WITH THE BRINGING OF CENTENNIAL VALLEY AND HERITAGE HEIGHTS SUBDIVISIONS IN TO THE WASTEWATER SYSTEM.
- THE UTILITY'S TOTAL EXPENSES INCREASED BY \$1,072,606 OR 2.845% FROM \$37,697,206 AT DECEMBER 31, 2011 TO \$38,769,812 AT DECEMBER 31, 2012. THE PRINCIPAL FACTOR RESULTING IN THE INCREASED EXPENSES WAS THE UTILIZATION OF OUTSIDE CONSULTANTS AND ATTORNEYS ASSISTING THE ELECTRIC DEPARTMENT WITH SEVERAL ISSUES INCLUDING THE NEGOTIATIONS AND SECURING OF A NEW WHOLESALE POWER CONTRACT, THE CHANGES BROUGHT ABOUT BY ENTERGY ARKANSAS, INC.'S DECISION TO ENTER INTO A REGIONAL TRANSMISSION OPERATION (RTO), KNOWN AS MISO, AND THE MANY DIFFERENT FACETS OF THE OPERATIONS AFFECTED BY THAT TRANSITION.
- THE UTILITY'S TOTAL ASSETS INCREASED BY \$8,103,886 OR 8.495% FROM \$95,391,099 AT DECEMBER 31, 2011 TO \$103,494,985 AT DECEMBER 31, 2012. THE INCREASE IS DUE TO THE ISSUANCE OF A NEW BOND ISSUE IN MARCH, 2012, RESULTING IN RESTRICTED BOND CONSTRUCTION FUNDS BEING ON DEPOSIT AT DECEMBER 31, 2012. THESE FUNDS ARE PROJECTED TO BE APPROXIMATELY 80% EXPENDED BY THE END OF FISCAL YEAR 2013.
- INVESTMENT INCOME DECREASED BY \$2,910 OR (12.65%) DUE TO THE CONTINUATION OF SIGNIFICANTLY LOW INTEREST RATES.

### FINANCIAL ANALYSIS OF THE UTILITY SYSTEM

THE STATEMENTS OF NET POSITION (CONDENSED BALANCE SHEETS) AND CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROVIDE AN INDICATION OF THE UTILITY SYSTEM'S FINANCIAL CONDITION. THE UTILITY SYSTEM'S NET POSITION REFLECTS THE DIFFERENCE BETWEEN ASSETS AND LIABILITIES. AN INCREASE IN NET POSITION OVER TIME TYPICALLY INDICATES AN IMPROVEMENT IN FINANCIAL CONDITION.

# CONDENSED BALANCE SHEETS

	2012	2011	2010
CURRENT ASSETS	\$ 10,405,219	\$ 10,333,440	\$ 11,008,728
RESTRICTED ASSETS	13,654,163	4,304,965	4,383,570
CAPITAL ASSETS, NET	78,819,270	80,206,578	80,523,423
OTHER ASSETS	616,333	546,116	596,252
TOTAL ASSETS	<u>\$ 103,494,985</u>	<u>\$ 95,391,099</u>	<u>\$ 96,511,973</u>
CURRENT LIABILITIES	\$ 6,122,345	\$ 6,089,936	\$ 6,011,698
LONG-TERM LIABILITIES	52,136,586	42,566,086	44,210,634
TOTAL LIABILITIES	<u>58,258,931</u>	<u>48,656,022</u>	<u>50,222,332</u>
NET INVESTMENT IN CAPITAL ASSETS	35,316,605	36,104,861	35,012,708
RESTRICTED	2,928,187	3,608,258	3,493,775
UNRESTRICTED	6,991,262	7,021,958	7,783,158
TOTAL NET POSITION	<u>45,236,054</u>	<u>46,735,077</u>	<u>46,289,641</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 103,494,985</u>	<u>\$ 95,391,099</u>	<u>\$ 96,511,973</u>

TOTAL NET POSITION DECREASED BY \$1,499,023 FROM \$46,735,077 AT DECEMBER 31, 2011 TO \$45,236,054 AT DECEMBER 31, 2012, A DECREASE OF (3.207%), A RESULT OF AN INCREASE IN THE EXPENSES OF THE ELECTRIC DEPARTMENT AND A DECREASE IN THE AMOUNT OF PROJECTS COMPLETED RESULTING IN REVENUE FROM CONTRIBUTED CAPITAL. CURRENT LIABILITIES INCREASED BY \$32,409 OR 0.532% DUE PRIMARILY TO THE INCREASED AMOUNT OF CONSTRUCTION PROJECT PAYMENTS ACCRUED AT DECEMBER 31, 2012.

## CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2012	2011	2010
OPERATING REVENUES:			
SERVICES FEES AND PENALTIES	\$ 37,351,576	\$ 37,107,087	\$ 37,498,798
OTHER REVENUE	282,946	284,067	841,053
TOTAL OPERATING REVENUES	<u>37,634,522</u>	<u>37,391,154</u>	<u>38,339,851</u>
INVESTMENT INCOME	20,094	23,004	26,342
TOTAL REVENUE	<u>37,654,616</u>	<u>37,414,158</u>	<u>38,366,193</u>
OPERATING EXPENSES:			
POWER COSTS	22,255,686	21,842,799	21,997,066
PLANT PRODUCTION EXPENSES	2,033,169	2,032,247	2,231,020
GENERAL AND DISTRIBUTION EXPENSES	5,343,220	4,483,043	4,782,304
ADMINISTRATIVE EXPENSES	2,352,693	2,521,653	2,368,209
DEPRECIATION EXPENSE	4,759,715	4,766,670	4,824,942
TOTAL OPERATING EXPENSES	<u>36,744,483</u>	<u>35,646,412</u>	<u>36,203,541</u>
INTEREST EXPENSE	2,025,329	2,050,794	2,110,811
TOTAL EXPENSES	<u>38,769,812</u>	<u>37,697,206</u>	<u>38,314,352</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,115,196)	(283,048)	51,841
CAPITAL CONTRIBUTIONS TRANSFERS	1,213,919	2,324,427	893,536
	(1,597,746)	(1,595,943)	(1,866,213)
CHANGE IN NET POSITION	<u>(1,499,023)</u>	<u>445,436</u>	<u>(920,836)</u>
NET POSITION AT BEGINNING OF YEAR	<u>46,735,077</u>	<u>46,289,641</u>	<u>47,210,477</u>
NET POSITION AT END OF YEAR	<u>\$ 45,236,054</u>	<u>\$ 46,735,077</u>	<u>\$ 46,289,641</u>

TOTAL REVENUES FROM SERVICES, FEES AND PENALTIES REFLECT AN INCREASE FROM 2011 TO 2012. THE INCREASE AMOUNT WAS \$244,489, OR 0.659%. THE INCREASE IN REVENUES IS THE RESULT OF A SLIGHTLY WARMER SUMMER IN 2012, COMPARED TO 2011, AS WELL AS ADDITIONAL CUSTOMERS ADDED TO THE WASTEWATER SYSTEM.

NET LOSS OF \$1,115,196 BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS, AND EXTRAORDINARY ITEMS, PLUS CAPITAL CONTRIBUTIONS OF \$1,213,919, LESS TRANSFERS TO THE CITY OF BENTON OF \$1,597,746 WERE THE THREE ITEMS WHICH RESULTED IN A DECREASE OF \$1,499,023 IN NET POSITION FOR THE YEAR ENDING DECEMBER 31, 2012.

THE ABOVE SCHEDULE INDICATES THAT THE UTILITY'S TOTAL REVENUES INCREASED BY \$240,458 OR 0.643% FROM \$37,414,158 AT DECEMBER 31, 2011 TO \$37,654,616 AT DECEMBER 31, 2012. THIS INCREASE IS NOTED ABOVE IN THE INCREASE IN TOTAL REVENUES FROM SERVICES, FEES AND PENALTIES, AS THERE WERE NO SIGNIFICANT INCREASES OR DECREASES IN OTHER REVENUE.

TOTAL EXPENSES INCREASED BY \$1,072,606 OR 2.845% FROM \$37,697,206 AT DECEMBER 31, 2011 TO \$38,769,812 AT DECEMBER 31, 2012. THE PRINCIPAL COST INCREASES WERE IN WHOLESALE POWER COSTS AND GENERAL AND DISTRIBUTION EXPENSES.

#### **CAPITAL ASSETS**

AT DECEMBER 31, 2012 THE UTILITY HAD \$78,819,270 (NET OF DEPRECIATION) INVESTED IN CAPITAL ASSETS. THIS INVESTMENT IN CAPITAL ASSETS INCLUDES LAND, BUILDINGS, VEHICLES, EQUIPMENT, UTILITY INFRASTRUCTURE, CONSTRUCTION MATERIALS AND CONSTRUCTION IN PROGRESS. THE TOTAL DECREASE IN THE UTILITY'S INVESTMENT IN CAPITAL ASSETS FOR THE YEAR OF 2012 WAS \$1,387,308 OR (1.73%), DUE TO AN INCREASE IN ACCUMULATED DEPRECIATION FOR THE WASTEWATER AND WATER PROJECTS THAT WERE CONVERTED FROM CONSTRUCTION WORK-IN-PROGRESS TO DEPRECIABLE ASSETS. A SCHEDULED SUMMARY SHOWING THE CHANGES TO THE VARIOUS CATEGORIES OF CAPITAL ASSETS DURING THE YEAR OF 2012 CAN BE FOUND IN NOTE 5 ON PAGE 15 OF THIS AUDIT REPORT.

#### **DEBT ADMINISTRATION**

AT DECEMBER 31, 2012, THE UTILITY HAD \$51,192,142 IN OUTSTANDING REVENUE BONDS PAYABLE COMPARED TO \$42,844,846 OUTSTANDING AT DECEMBER 31, 2011. THIS INCREASE OF \$8,347,296 IS THE DIFFERENCE IN THE AMOUNT OF BONDS RETIRED (PAID OFF) DURING THE YEAR AND THE NEW BONDS ISSUED IN MARCH, 2012. ACCUMULATED COMPENSABLE (ACCRUED VACATION AND SICK LEAVE) BALANCES OF \$509,260 AT DECEMBER 31, 2012 IS AN INCREASE OF \$48,064 OVER THE \$461,196 ACCRUED AS OF DECEMBER 31, 2011.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

THE UTILITY COMMISSION ISSUED \$26,500,000 IN UTILITY REVENUE BONDS IN LATE DECEMBER 2006 FOR MAJOR WASTEWATER INFRASTRUCTURE IMPROVEMENTS AND REPAIRS TO ADDRESS GROWTH AND AN AGING SYSTEM. IN ALL, SEVEN PROJECTS WERE SCHEDULED AND ALL OF THEM WERE COMPLETED IN 2007 AND 2008 WITH THE EXCEPTION OF THE 5 MGD WASTEWATER TREATMENT PLANT EXPANSION, WHICH WAS SUBSTANTIALLY COMPLETED IN SEPTEMBER, 2009 AT COST OF \$15.29 MILLION. THE UTILITY COMMISSION SOUGHT AND GAINED APPROVAL OF A WASTEWATER RATE INCREASE IN JUNE, 2009. THERE WAS ALSO A WATER RATE INCREASE SOUGHT AND APPROVED IN JANUARY, 2009 WHICH INCLUDES AN AUTOMATIC 2% ANNUAL RATE INCREASE THROUGH THE YEAR 2015. THE RATE INCREASES ARE PROJECTED TO RESULT IN SUFFICIENT REVENUES TO OPERATE AND MAINTAIN THE SYSTEM AND COVER DEBT SERVICE REQUIREMENTS.

THE BENTON CITY COUNCIL APPROVED A BOND REFINANCING PACKAGE IN MARCH, 2012 THAT INCLUDED AN ADDITIONAL \$11.2 MILLION DOLLARS FOR NEW CONSTRUCTION PROJECTS IN THE ELECTRIC, WATER AND WASTEWATER DEPARTMENTS. THESE PROJECTS WILL PROVIDE NEEDED SERVICES FOR NEW CUSTOMER GROWTH ON THE SYSTEM INCLUDING THE NEW BENTON EVENT CENTER BEING BUILT BY THE BENTON ADVERTISING & PROMOTION COMMISSION. THERE IS ALSO POTENTIAL GROWTH FROM A LARGE INDUSTRIAL CUSTOMER, A RETAIL AND RESIDENTIAL DEVELOPMENT BEING CONTEMPLATED AT THE 114 MILE MARKER ON INTERSTATE 30 AND A 5-STORY HOTEL TO BE BUILT BESIDE THE EVENT CENTER. THE TOTAL AMOUNT OF THE BOND ISSUE WAS \$24.6 MILLION AND WENT TO MARKET MARCH 21, 2012. THE ANNUAL DEBT SERVICE REQUIREMENT DID NOT INCREASE WITH THIS REFINANCING AND WILL NOT EXTEND PAST THE ALREADY EXISTING NUMBER OF YEARS TO RETIRE EXISTING DEBT. THE BOND ISSUES THAT WERE REFINANCED WERE THE 1995, 1997, 2001A, 2002, 2004A, AND 2004B

ISSUES. THE 2006 AND 2009 ISSUES WERE NOT INCLUDED IN THE REFINANCING. THE SIGNIFICANT FINANCIAL IMPACT OF THIS BOND ISSUE WAS THAT, DUE TO THE EXISTING INTEREST RATE CLIMATE, THE COMMISSION WAS ABLE TO REFINANCE OLD DEBT AND GAIN \$11.2 MILLION DOLLARS FOR NEW PROJECTS WITHOUT RAISING OUR ANNUAL DEBT SERVICE REQUIREMENT. THIS TRANSACTION WAS OF MONUMENTAL VALUE TO THE UTILITIES AS WELL AS BENTON UTILITIES' CUSTOMERS.

AS EXPLAINED IN THE FY2007 MANAGEMENT'S DISCUSSION AND ANALYSIS, THE UTILITY BEGAN RECEIVING ITS WHOLESALE ELECTRIC POWER SUPPLY FROM THE CONSTELLATION ENERGY GROUP ON APRIL 1, 2007. THE CONTRACTED PURCHASE PRICE REPRESENTS AN INCREASE OF \$0.042656 PER KWH OVER PREVIOUS ENTERGY CONTRACT PRICE OF \$0.037500. THE COMMISSION ISSUED A REQUEST FOR PROPOSALS (RFP) IN EARLY MARCH, 2012 WITH THE ASSISTANCE OF CONSULTING ENGINEER GDS IN ORDER TO SOLICIT BIDS FROM WHOLESALE ENERGY PROVIDERS TO PROVIDE POWER TO THE CITY OF BENTON BEGINNING IN APRIL, 2014. SEVERAL ALTERNATIVES WERE CONSIDERED INCLUDING (1) A FULL REQUIREMENTS CONTRACT; (2) A CONTRACT WITH ONE PRICE FOR BASE LOAD POWER AND DIFFERENT PRICING FOR THE INTERMEDIATE AND PEAKING POWER NEEDS; OR (3) ENTERING INTO A LONG-TERM PURCHASE POWER AGREEMENT WITH A PROVIDER THAT MAY OR MAY NOT INCLUDE OWNERSHIP IN THE POWER PLANT. THE UTILITY COMMISSION WAS VERY FORTUNATE TO SIGN CONTRACTS ON NOVEMBER 19, 2012 WITH CONSTELLATION ENERGY GROUP AND WITH THE MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION (MJMEUC) FOR THE CITY'S WHOLESALE POWER NEEDS BEGINNING APRIL 1, 2014. THE COMBINATION OF THESE CONTRACTS INCLUDE 5 MWH MONTHLY FROM THE PLUM POINT UNIT #1 IN OSCEOLA, AR AND A PARTIAL REQUIREMENTS CONTRACT FROM CONSTELLATION FOR THE REMAINDER OF OUR NEEDS. THE PUBLIC UTILITY COMMISSION CONTINUES TO PROJECT NO ELECTRIC RATE INCREASE IN THE IMMEDIATE FUTURE, RELYING ON RESERVE BALANCES AVAILABLE TO OFFSET LOSSES IN THE ELECTRIC DEPARTMENT, SHOULD WE EXPERIENCE ANOTHER ABNORMAL WET AND COOL SUMMER IN 2013 AND TO OFFSET THE HIGHER COST OF WHOLESALE POWER IN FISCAL YEAR 2013, WHICH IS ALREADY IN PLACE IN THE CURRENT CONTRACT WITH CONSTELLATION, WHICH REFLECTS A .41% INCREASE OVER THE COST OF WHOLESALE POWER IN 2012. THE COMMISSION IS ANTICIPATING A RATE REDUCTION BEGINNING APRIL 1, 2014 TO COINCIDE WITH THE APPROXIMATELY 30% REDUCTION WE WILL ENJOY BECAUSE OF OUR NEW WHOLESALE POWER CONTRACTS.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

THIS FINANCIAL REPORT IS DESIGNED TO PROVIDE OUR CITIZENS, CUSTOMERS, INVESTORS AND CREDITORS WITH A GENERAL OVERVIEW OF THE UTILITY'S FINANCES. IF YOU HAVE ANY QUESTIONS ABOUT THIS REPORT OR NEED ADDITIONAL INFORMATION, CONTACT THE DEPARTMENT OF FINANCE, ATTN: KAREN SCOTT, AT P. O. BOX 607, BENTON, ARKANSAS 72018-0607, CALL (501) 776-5917, OR E-MAIL AT [KARENS@BENTONAR.ORG](mailto:KARENS@BENTONAR.ORG).



KAREN L. SCOTT  
DIRECTOR OF FINANCE & ADMINISTRATION  
BENTON UTILITIES

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

HONORABLE MAYOR AND BENTON PUBLIC UTILITY COMMISSION  
BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS

WE HAVE AUDITED THE ACCOMPANYING FINANCIAL STATEMENTS OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS OF THE CITY OF BENTON, STATE OF ARKANSAS, WHICH COMPRISE THE BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011, AND THE RELATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION AND CASH FLOWS FOR THE YEARS THEN ENDED, AND THE RELATED NOTES TO THE FINANCIAL STATEMENTS.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

MANAGEMENT IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THESE FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA; THIS INCLUDES THE DESIGN, IMPLEMENTATION, AND MAINTENANCE OF INTERNAL CONTROL RELEVANT TO THE PREPARATION AND FAIR PRESENTATION OF FINANCIAL STATEMENTS THAT ARE FREE FROM MATERIAL MISSTATEMENT, WHETHER DUE TO FRAUD OR ERROR.

### AUDITOR'S RESPONSIBILITY

OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE FINANCIAL STATEMENTS BASED ON OUR AUDIT. WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT.

AN AUDIT INVOLVES PERFORMING PROCEDURES TO OBTAIN AUDIT EVIDENCE ABOUT THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. THE PROCEDURES SELECTED DEPEND ON THE AUDITOR'S JUDGMENT, INCLUDING THE ASSESSMENT OF THE RISKS OF MATERIAL MISSTATEMENT OF THE FINANCIAL STATEMENTS, WHETHER DUE TO FRAUD OR ERROR. IN MAKING THOSE RISK ASSESSMENTS, THE AUDITOR CONSIDERS INTERNAL CONTROL RELEVANT TO THE ENTITY'S PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS IN ORDER TO DESIGN AUDIT PROCEDURES THAT ARE APPROPRIATE IN THE CIRCUMSTANCES, BUT NOT FOR THE PURPOSE OF EXPRESSING AN OPINION ON THE EFFECTIVENESS OF THE ENTITY'S INTERNAL CONTROL. ACCORDINGLY, WE EXPRESS NO SUCH OPINION. AN AUDIT ALSO INCLUDES EVALUATING THE APPROPRIATENESS OF ACCOUNTING POLICIES USED AND THE REASONABLENESS OF SIGNIFICANT ACCOUNTING ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL PRESENTATION OF THE FINANCIAL STATEMENTS.

WE BELIEVE THAT THE AUDIT EVIDENCE WE HAVE OBTAINED IS SUFFICIENT AND APPROPRIATE TO PROVIDE A BASIS FOR OUR AUDIT OPINION.

AS DISCUSSED IN NOTE 1, THE FINANCIAL STATEMENTS PRESENT ONLY THE BENTON MUNICIPAL LIGHT AND WATER WORKS AND DO NOT PURPORT TO, AND DO NOT, PRESENT FAIRLY THE FINANCIAL POSITION OF THE CITY OF BENTON, STATE OF ARKANSAS, AS OF

DECEMBER 31, 2012 AND 2011, AND THE RESULTS OF ITS OPERATIONS AND CASH FLOWS FOR THE YEARS THEN ENDED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

OPINION

IN OUR OPINION, THE FINANCIAL STATEMENTS REFERRED TO ABOVE PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE FINANCIAL POSITION OF BENTON MUNICIPAL LIGHT AND WATER WORKS OF THE CITY OF BENTON, STATE OF ARKANSAS AS OF DECEMBER 31, 2012 AND 2011, AND THE CHANGES IN ITS NET POSITION AND ITS CASH FLOWS FOR THE YEAR THEN ENDED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

OTHER-MATTERS

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE THAT THE MANAGEMENT'S DISCUSSION AND ANALYSIS AND SCHEDULE OF FUNDING PROGRESS FOR BENTON UTILITIES EMPLOYEES' PENSION PLAN ON PAGES 1 THROUGH 4 AND PAGE 36 BE PRESENTED TO SUPPLEMENT THE BASIC FINANCIAL STATEMENTS. SUCH INFORMATION, ALTHOUGH NOT A PART OF THE BASIC FINANCIAL STATEMENTS, IS REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, WHO CONSIDERS IT TO BE AN ESSENTIAL PART OF FINANCIAL REPORTING FOR PLACING THE BASIC FINANCIAL STATEMENTS IN AN APPROPRIATE OPERATIONAL, ECONOMIC, OR HISTORICAL CONTEXT. WE HAVE APPLIED CERTAIN LIMITED PROCEDURES TO THE REQUIRED SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, WHICH CONSISTED OF INQUIRIES OF MANAGEMENT ABOUT THE METHODS OF PREPARING THE INFORMATION AND COMPARING THE INFORMATION FOR CONSISTENCY WITH MANAGEMENT'S RESPONSES TO OUR INQUIRIES, THE BASIC FINANCIAL STATEMENTS, AND OTHER KNOWLEDGE WE OBTAINED DURING OUR AUDIT OF THE BASIC FINANCIAL STATEMENTS. WE DO NOT EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE ON THE INFORMATION BECAUSE THE LIMITED PROCEDURES DO NOT PROVIDE US WITH SUFFICIENT EVIDENCE TO EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE.

OUR AUDIT WAS CONDUCTED FOR THE PURPOSE OF FORMING AN OPINION ON THE FINANCIAL STATEMENTS AS A WHOLE. THE SUPPLEMENTARY INFORMATION ON PAGES 19 THROUGH 35 IS PRESENTED FOR PURPOSES OF ADDITIONAL ANALYSIS AND IS NOT A REQUIRED PART OF THE FINANCIAL STATEMENTS. SUCH INFORMATION IS THE RESPONSIBILITY OF MANAGEMENT AND WAS DERIVED FROM AND RELATES DIRECTLY TO THE UNDERLYING ACCOUNTING AND OTHER RECORDS USED TO PREPARE THE FINANCIAL STATEMENTS. THE INFORMATION HAS BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN THE AUDIT OF THE FINANCIAL STATEMENTS AND CERTAIN ADDITIONAL PROCEDURES, INCLUDING COMPARING AND RECONCILING SUCH INFORMATION DIRECTLY TO THE UNDERLYING ACCOUNTING AND OTHER RECORDS USED TO PREPARE THE FINANCIAL STATEMENTS OR TO THE FINANCIAL STATEMENTS THEMSELVES, AND OTHER ADDITIONAL PROCEDURES IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IN OUR OPINION, THE INFORMATION IS FAIRLY STATED IN ALL MATERIAL RESPECTS IN RELATION TO THE FINANCIAL STATEMENTS AS A WHOLE.

  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
FEBRUARY 27, 2013



BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
BALANCE SHEETS  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 3,819,773	\$ 4,528,553
UTILITY BILLINGS, NET OF ALLOWANCE FOR UNCOLLECTIBLES	2,749,000	2,812,358
ACCOUNTS RECEIVABLE	291,923	88,958
DUE FROM CITY FUNDS	42,270	25,905
PREPAID EXPENSES	151,620	126,539
SUPPLIES INVENTORY	14,496	20,200
BOARD DESIGNATED FUNDS	3,336,137	2,730,927
TOTAL CURRENT ASSETS	<u>10,405,219</u>	<u>10,333,440</u>
NON-CURRENT ASSETS		
RESTRICTED FUNDS - NOTE 3	13,654,163	4,304,965
CAPITAL ASSETS:		
TOTAL PLANT, PROPERTY AND EQUIPMENT	148,657,062	145,300,523
LESS ACCUMULATED DEPRECIATION	(69,837,792)	(65,093,945)
DEFERRED BOND COSTS	616,333	546,116
TOTAL NON-CURRENT ASSETS	<u>93,089,766</u>	<u>85,057,659</u>
 TOTAL ASSETS	 <u><u>\$103,494,985</u></u>	 <u><u>\$ 95,391,099</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

<u>LIABILITIES</u>		
	2012	2011
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 1,989,401	\$ 1,881,269
CUSTOMER OVERPAYMENTS	14,011	7,747
METERED DEPOSITS	1,465,375	1,457,095
ACCRUED COMPENSATION	509,260	461,196
SALES TAX PAYABLE	52,243	50,291
ACCRUED INTEREST PAYABLE	752,342	651,843
BONDS PAYABLE - CURRENT MATURITIES	1,339,713	1,580,495
TOTAL CURRENT LIABILITIES	6,122,345	6,089,936
NON-CURRENT LIABILITIES		
REVENUE BONDS PAYABLE, LESS		
CURRENT MATURITIES	49,852,429	41,264,351
PREMIUM ON REVENUE BONDS	2,680,257	1,394,593
DISCOUNT ON REVENUE BONDS	(190,046)	(92,858)
DEFERRED LOSS ON EARLY RETIREMENT OF DEBT	(206,054)	
TOTAL NON-CURRENT LIABILITIES	52,136,586	42,566,086
TOTAL LIABILITIES	58,258,931	48,656,022
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	35,316,605	36,104,861
RESTRICTED FOR DEBT SERVICE	2,345,824	3,146,844
RESTRICTED FOR CAPITAL ASSETS REPLACEMENT	582,363	461,414
UNRESTRICTED	6,991,262	7,021,958
TOTAL NET POSITION	45,236,054	46,735,077
TOTAL LIABILITIES AND NET POSITION	\$103,494,985	\$ 95,391,099

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING REVENUES		
CHARGES FOR SERVICE	\$36,178,979	\$36,064,131
SERVICE CHARGES AND CONNECTION FEES	632,557	537,859
PENALTIES	378,352	505,097
GRANTS	161,688	
OTHER INCOME	282,946	284,067
TOTAL OPERATING REVENUES	<u>37,634,522</u>	<u>37,391,154</u>
EXPENSES - OPERATIONS		
POWER COSTS	22,255,686	21,842,799
PLANT PRODUCTION EXPENSES	2,033,169	2,032,247
GENERAL AND DISTRIBUTION EXPENSES	5,343,220	4,483,043
ADMINISTRATIVE EXPENSES	2,352,693	2,521,653
DEPRECIATION	4,759,715	4,766,670
TOTAL EXPENSES - OPERATIONS	<u>36,744,483</u>	<u>35,646,412</u>
OPERATING INCOME	<u>890,039</u>	<u>1,744,742</u>
NON-OPERATING REVENUES (EXPENSES)		
INTEREST REVENUE	20,094	23,004
INTEREST EXPENSE	(2,025,329)	(2,050,794)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,005,235)</u>	<u>(2,027,790)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,115,196)	(283,048)
CAPITAL CONTRIBUTIONS	1,213,919	2,324,427
TRANSFERS (TO) CITY OF BENTON		
FRANCHISE FEES	(1,863,400)	(1,858,453)
APPROPRIATIONS	<u>265,654</u>	<u>262,510</u>
CHANGES IN NET POSITION	(1,499,023)	445,436
TOTAL NET POSITION - BEGINNING OF YEAR	<u>46,735,077</u>	<u>46,289,641</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$45,236,054</u></u>	<u><u>\$46,735,077</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS FROM CUSTOMERS	\$ 37,261,462	\$37,146,545
PAYMENTS TO SUPPLIERS	(26,574,219)	(25,772,885)
PAYMENTS TO EMPLOYEES	(5,273,730)	(5,198,579)
OTHER RECEIPTS	241,669	264,222
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,655,182</u>	<u>6,439,303</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
TRANSFERS (TO) BOARD DESIGNATED FUNDS	(605,210)	1,240,440
TRANSFERS TO CITY FUNDS	(1,614,111)	(1,612,012)
CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(2,219,321)</u>	<u>(371,572)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
PURCHASES OF CAPITAL ASSETS	(3,070,572)	(2,177,952)
PRINCIPAL PAID ON CAPITAL DEBT	(16,252,704)	(1,520,403)
INTEREST PAID ON CAPITAL DEBT	(2,262,231)	(2,082,341)
PROCEEDS FROM REVENUE BONDS ISSUED	25,852,354	
DEFERRED COSTS OF REVENUE BONDS	(245,093)	
CONTRIBUTIONS FROM DEVELOPERS	1,154,429	52,554
TRANSFERS TO DESIGNATED OR RESTRICTED ACCOUNTS	(9,340,918)	183,139
NET CASH USED BY CAPITAL AND RELATED FINANCING	<u>(4,164,735)</u>	<u>(5,545,003)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST AND DIVIDENDS RECEIVED	20,094	23,004
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>20,094</u>	<u>23,004</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(708,780)	545,732
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,528,553	3,982,821
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,819,773</u>	<u>\$ 4,528,553</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 890,039	\$ 1,744,742
ITEMS NOT REQUIRING CASH:		
DEPRECIATION	4,759,715	4,766,670
CHANGES IN ASSETS AND LIABILITIES:		
RECEIVABLES, NET	(133,343)	12,199
PREPAIDS	(25,081)	(15,869)
INVENTORIES	5,704	(446)
ACCOUNTS PAYABLE	108,132	(105,700)
ACCRUED EXPENSES	50,016	37,707
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,655,182</u>	<u>\$ 6,439,303</u>

NONCASH CAPITAL FINANCING ACTIVITIES

CAPITAL ASSETS OF \$59,490 AND \$2,271,873 WERE ACQUIRED THROUGH NONCASH CONTRIBUTIONS FROM STREET PROJECTS AND DEVELOPERS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011, RESPECTIVELY.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS - MANAGEMENT HAS EVALUATED SUBSEQUENT EVENTS THROUGH, FEBRUARY 27, 2013, THE DATE WHICH THE FINANCIAL STATEMENTS WERE AVAILABLE TO BE ISSUED.

- a. ORGANIZATION - THE BENTON MUNICIPAL LIGHT AND WATER WORKS IS A PART OF THE CITY OF BENTON, STATE OF ARKANSAS (THE CITY). THE CITY IS GOVERNED BY THE MAYOR COUNCIL FORM OF GOVERNMENT WHICH HAS OPERATED THE UTILITY SYSTEM THROUGH JANUARY 2006, AND PRIOR YEARS. EFFECTIVE FEBRUARY 1, 2006, A UTILITY COMMISSION WAS CREATED AND GRANTED FULL POWER TO MANAGE, OPERATE, CONTROL, SUPERVISE, IMPROVE, EXTEND, MAINTAIN, AND CONTRACT CONCERNING THE UTILITY SYSTEM, SUBJECT TO THE AUTHORIZING LEGISLATION AND CERTAIN CONDITIONS SET FROM TIME TO TIME BY THE CITY COUNCIL. THE STATEMENTS REFLECT THE RESULTS OF OPERATIONS OF THREE DEPARTMENTS: LIGHT, WATER AND WASTE WATER. MATERIAL TRANSACTIONS BETWEEN THE DEPARTMENTS HAVE BEEN ELIMINATED.
- b. BASIS OF PRESENTATION - THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (GAAP). THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) IS RESPONSIBLE FOR ESTABLISHING GAAP FOR STATE AND LOCAL GOVERNMENTS THROUGH ITS PRONOUNCEMENTS (STATEMENTS AND INTERPRETATIONS). THE SIGNIFICANT NEW GOVERNMENTAL ACCOUNTING STANDARD ADOPTED BY THE CITY IS PRONOUNCEMENT NO. 63. THIS PRESENTATION CHANGES THE BALANCE SHEET TO PRESENT CURRENT ASSETS, NONCURRENT ASSETS, CURRENT LIABILITIES, NONCURRENT LIABILITIES AND NET POSITION.
- c. BASIS OF ACCOUNTING - THE BENTON MUNICIPAL LIGHT AND WATER WORKS, CITY OF BENTON, STATE OF ARKANSAS, IS A PROPRIETARY ENTERPRISE TYPE FUND. THE FINANCIAL STATEMENTS ARE PREPARED ON THE ACCRUAL BASIS OF ACCOUNTING USING THE ECONOMIC RESOURCES MEASUREMENT FOCUS. THEIR REVENUES ARE RECOGNIZED WHEN THEY ARE EARNED, AND THEIR EXPENSES ARE RECOGNIZED WHEN THEY ARE INCURRED.
- d. CASH AND CASH EQUIVALENTS - FOR PURPOSES OF THE STATEMENTS OF CASH FLOWS, THE CITY CONSIDERS ALL HIGHLY LIQUID INVESTMENTS WITH AN INITIAL MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.
- e. CASH DEPOSITS - ALL CASH DEPOSITS WERE INSURED OR COLLATERALIZED WITH SECURITIES HELD BY THE CITY, BY THE PLEDGING FINANCIAL INSTITUTION'S TRUST DEPARTMENT OR BY ITS AGENT IN THE CITY'S NAME AS OF THE BALANCE SHEET DATE.
- f. INVENTORIES - INVENTORIES ARE STATED AT THE LOWER OF COST OR MARKET ON A FIRST-IN, FIRST-OUT METHOD.
- g. BOARD DESIGNATED FUNDS - THE BENTON PUBLIC UTILITIES BOARD HAS DESIGNATED THAT CERTAIN FUNDS ARE TO BE DEPOSITED INTO SEPARATE ACCOUNTS AND ARE TO BE USED FOR CERTAIN DESIGNATED PURPOSES. THE FUNDS MAY ONLY BE SPENT WITH THE APPROVAL OF THE BENTON PUBLIC UTILITIES BOARD.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- h. DEFERRED BOND COST - THE COST OF ACQUIRING BONDS IS CAPITALIZED WHEN INCURRED. THE COST IS BEING AMORTIZED BY VARIOUS METHODS OVER THE LIFE OF THE RELATED BOND ISSUE.
- i. CAPITAL ASSETS - CAPITAL ASSETS, WHICH INCLUDE PLANT, PROPERTY, EQUIPMENT, AND INFRASTRUCTURE ASSETS, ARE STATED AT HISTORICAL COST. DONATED ASSETS ARE VALUED AT THEIR FAIR MARKET VALUE ON THE DATE DONATED. MAINTENANCE AND REPAIRS ARE CHARGED DIRECTLY AGAINST INCOME AS INCURRED. RENEWALS AND BETTERMENTS, WHICH EXTEND THE USEFUL LIVES OF THE ASSETS, ARE CAPITALIZED. INTEREST COSTS INCURRED FOR SPECIFIC PROJECTS ARE CAPITALIZED.

ASSETS CAPITALIZED, NOT INCLUDING INFRASTRUCTURE ASSETS, HAVE AN ORIGINAL COST OF \$5,000 OR MORE. INFRASTRUCTURE ASSETS CAPITALIZED HAVE AN ORIGINAL COST OF \$250,000 OR MORE. DEPRECIATION HAS BEEN PROVIDED FOR PRIMARILY ON THE STRAIGHT-LINE METHOD. ESTIMATED USEFUL LIVES ARE AS FOLLOWS:

BUILDINGS	10 - 40 YEARS
VEHICLES	3 - 5 YEARS
FURNITURE	3 - 10 YEARS
EQUIPMENT AND SERVICE	3 - 40 YEARS

- j. CAPITALIZED INTEREST - INTEREST COSTS ARE CAPITALIZED WHEN INCURRED BY THE CITY ON DEBT WHERE PROCEEDS WERE USED TO FINANCE THE CONSTRUCTION OF ASSETS. SEE NOTE 4 FOR THE INTEREST CAPITALIZED DURING THE YEAR.
- k. ACCUMULATED COMPENSATED ABSENCES - IT IS THE CITY'S POLICY TO PERMIT EMPLOYEES TO ACCUMULATE A LIMITED AMOUNT OF EARNED BUT UNUSED VACATION LEAVE, WHICH WILL BE PAID TO EMPLOYEES UPON SEPARATION FROM THE CITY'S SERVICES. IT IS THE CITY'S POLICY TO PAY UP TO A MAXIMUM OF 90 ACCUMULATED SICK DAYS TO EMPLOYEES WHO RETIRE FROM THE CITY. THE FOLLOWING IS A SCHEDULE OF ACCRUED COMPENSATION AT DECEMBER 31, 2012 AND 2011, RESPECTIVELY:

	2012	2011
ACCRUED SALARIES	\$ 190,600	\$ 136,960
ACCRUED VACATION	93,340	82,836
ACCRUED SICK	225,320	241,400
	<u>\$ 509,260</u>	<u>\$ 461,196</u>

- l. NET POSITION - THE UTILITY SYSTEM MUST REPORT ITS NET POSITION AS EITHER RESTRICTED, UNRESTRICTED, OR NET INVESTMENT IN CAPITAL ASSETS. THESE COMPONENTS OF NET POSITION ARE DEFINED BELOW:

NET INVESTMENT IN CAPITAL ASSETS - THIS COMPONENT OF NET POSITION CONSISTS OF CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION AND REDUCED BY THE OUTSTANDING BALANCES OF ANY BONDS, MORTGAGES, NOTES OR OTHER BORROWINGS THAT ARE ATTRIBUTABLE TO THE ACQUISITION, CONSTRUCTION OR IMPROVEMENT OF THOSE ASSETS.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

RESTRICTED - THIS COMPONENT OF NET POSITION CONSISTS OF CONSTRAINTS IMPOSED BY CREDITORS, GRANTORS, CONTRIBUTORS, OR LAWS OR REGULATIONS OF OTHER GOVERNMENTS OR CONSTRAINTS IMPOSED BY LAW THROUGH CONSTITUTIONAL PROVISIONS OR ENABLING LEGISLATION.

UNRESTRICTED - THIS COMPONENT OF NET POSITION CONSISTS OF THE REMAINING BALANCE IN NET POSITION THAT DOES NOT MEET THE DEFINITION OF RESTRICTED OR NET INVESTMENT IN CAPITAL ASSETS.

- m. USE OF ESTIMATES - MANAGEMENT USES ESTIMATES AND ASSUMPTIONS IN PREPARING FINANCIAL STATEMENTS. THOSE ESTIMATES AND ASSUMPTIONS AFFECT THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES, THE DISCLOSURE OF CONTINGENT ASSETS AND LIABILITIES, AND THE REPORTED AMOUNTS OF REVENUES AND EXPENSES. ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES.

NOTE 2: BOARD DESIGNATED FUNDS

THE BENTON PUBLIC UTILITIES BOARD HAS DESIGNATED THE FOLLOWING FUNDS AS OF DECEMBER 31, 2012 AND 2011:

	2012	2011
PUBLIC UTILITY RESERVOIR CONTINGENT FUND	\$ 90,323	\$ 90,160
PUBLIC UTILITY RATE RESERVE FUND	1,032,919	1,031,047
PUBLIC UTILITY EMERGENCY FUND	1,108,617	966,678
WATER SYSTEM CAPITAL IMPROVEMENT FUND	591,145	245,735
ELECTRIC CAPITAL IMPROVEMENT FUND	214,319	214,004
FACILITIES CAPITAL IMPROVEMENT FUND	138,429	180,076
DEBT SURPLUS FUND	157,153	
WASTEWATER CAPITAL IMPROVEMENT FUND	2	2
FEMA FUND	3,230	3,225
	<u>\$ 3,336,137</u>	<u>\$ 2,730,927</u>

THE ACCOUNTS FOR THESE FUNDS ARE INVESTED IN THE STEPHENS LOCAL GOVERNMENT CASH MANAGEMENT TRUST AND BANK ACCOUNTS. THE CARRYING VALUE IS THE MARKET VALUE FOR THESE ACCOUNTS.

NOTE 3: RESTRICTED FUNDS

THE RESTRICTED FUNDS AS OF DECEMBER 31, 2012 AND 2011 ARE AS FOLLOWS:

	2012	2011
BOND FUNDS	\$ 1,291,423	\$ 1,418,924
DEBT SERVICE FUNDS	1,806,743	2,379,763
DEPRECIATION FUND	582,363	461,414
FACILITIES IMPROVEMENT FUNDS	9,973,634	44,864
TOTAL RESTRICTED FUNDS	<u>\$ 13,654,163</u>	<u>\$ 4,304,965</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED FUNDS (CONT'D)

RESTRICTED FUNDS CONSIST OF FUNDS IN DEPOSITORY ACCOUNTS, TREASURY NOTES, CERTIFICATES OF DEPOSIT AND STEPHENS LOCAL GOVERNMENT CASH MANAGEMENT TRUST. IT IS MANAGEMENT'S INTENT TO HOLD THE TREASURY NOTES TO MATURITY, THEREFORE THE NOTES ARE CARRIED AT COST. THE EXTERNAL INVESTMENT POOLS ARE CASH MANAGEMENT TRUSTS INVESTED IN U.S. TREASURY SECURITIES OR CERTAIN APPROVED OBLIGATIONS OF U.S. GOVERNMENT AGENCIES OR INSTRUMENTALITIES, CERTIFICATES OF DEPOSITS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR COLLATERALIZED BY GOVERNMENT SECURITIES, WRITTEN REPURCHASE AGREEMENTS COLLATERALIZED BY GOVERNMENT SECURITIES, OR COMMERCIAL PAPER. THE FOLLOWING IS A SUMMARY OF THE RESTRICTED FUNDS INVESTMENTS AS OF DECEMBER 31, 2012 AND 2011:

	<u>DECEMBER 31, 2012</u>		
	<u>CARRYING VALUE</u>	<u>FAIR MARKET VALUE</u>	<u>UNRECOGNIZED GAIN</u>
BOND FUNDS			
EXTERNAL INVESTMENT POOL			
GOLDMAN SACHS TREASURY	\$ 473,699	\$ 473,699	\$
TOTAL BOND FUNDS	<u>473,699</u>	<u>473,699</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	<u>582,363</u>	<u>582,363</u>	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	1,385,000	1,385,000	
GOLDMAN SACHS TREASURY	<u>130,431</u>	<u>130,431</u>	
TOTAL DEBT SERVICE FUND	<u>1,515,431</u>	<u>1,515,431</u>	
TOTAL	<u>\$ 2,571,493</u>	<u>\$ 2,571,493</u>	<u>\$</u>
	<u>DECEMBER 31, 2011</u>		
	<u>CARRYING VALUE</u>	<u>FAIR MARKET VALUE</u>	<u>UNRECOGNIZED GAIN</u>
BOND FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	\$ 723,169	\$ 723,169	\$
GOLDMAN SACHS TREASURY	<u>474,945</u>	<u>474,945</u>	
TOTAL BOND FUNDS	<u>1,198,114</u>	<u>1,198,114</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	<u>461,414</u>	<u>461,414</u>	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	79,497	79,497	
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	1,385,000	1,385,000	
GOLDMAN SACHS TREASURY	<u>128,024</u>	<u>128,024</u>	
TOTAL DEBT SERVICE FUND	<u>1,592,521</u>	<u>1,592,521</u>	



BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED FUNDS (CONT'D)

IMPROVEMENT FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
MANAGEMENT TRUST	44,864	44,864	
TOTAL IMPROVEMENT FUNDS	<u>44,864</u>	<u>44,864</u>	
TOTAL	<u>\$ 3,296,913</u>	<u>\$ 3,296,913</u>	<u>\$</u>

NOTE 4: SUPPLEMENTAL CASH FLOW DISCLOSURE

THE INTEREST PAID IN THE YEARS ENDED DECEMBER 31, 2012 AND 2011 WAS \$2,262,231 AND \$2,082,341, RESPECTIVELY.

NOTE 5: CAPITAL ASSETS

THE FOLLOWING IS A SUMMARY OF CAPITAL ASSETS AS OF DECEMBER 31, 2012 AND 2011:

	BALANCE 12/31/11	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/12
LAND	\$ 608,245	\$ 287,681	\$	\$	\$ 895,926
BUILDINGS-ADMINISTRATIVE	691,636	21,178		271,842	984,656
VEHICLES	3,285,353	81,352	(15,868)		3,350,837
FURNITURE AND OFFICE EQUIPMENT	175,781				175,781
SERVICE FACILITIES AND EQUIPMENT	139,288,455	1,611,041		309,497	141,208,993
CONSTRUCTION MATERIALS	1,101,952			(309,497)	792,455
CONSTRUCTION IN PROCESS	149,101	1,371,155		(271,842)	1,248,414
	<u>\$ 145,300,523</u>	<u>\$ 3,372,407</u>	<u>\$ (15,868)</u>	<u>\$</u>	<u>\$ 148,657,062</u>
	BALANCE 12/31/10	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/11
LAND	\$ 608,245	\$	\$	\$	\$ 608,245
BUILDINGS-ADMINISTRATIVE	691,636				691,636
VEHICLES	3,105,806	249,691	(70,144)		3,285,353
FURNITURE AND OFFICE EQUIPMENT	175,781				175,781
SERVICE FACILITIES AND EQUIPMENT	135,154,713	3,309,914		823,828	139,288,455
CONSTRUCTION MATERIALS	1,008,405	93,547			1,101,952
CONSTRUCTION IN PROCESS	176,256	796,673		(823,828)	149,101
	<u>\$ 140,920,842</u>	<u>\$ 4,449,825</u>	<u>\$ (70,144)</u>	<u>\$</u>	<u>\$ 145,300,523</u>

NOTE 6: REVENUE BONDS PAYABLE

BONDS PAYABLE - THE INTEREST RATES AND MATURITY DATES OF THE REVENUE BONDS PAYABLE AS OF DECEMBER 31, 2012 ARE AS FOLLOWS:

ISSUE OF DECEMBER 01, 2006	5.00%	9/01/2036
ISSUE OF MARCH 03, 2009	4.75%	6/01/2039
ISSUE OF APRIL 01, 2012	1.00% TO 5.00%	9/01/2036

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: REVENUE BONDS PAYABLE (CONT'D)

MATURITIES OF REVENUE BONDS AS OF DECEMBER 31, 2012 ARE AS FOLLOWS:

	PRINCIPAL	INTEREST AND SERVICE FEES	TOTAL
2013	1,339,713	2,265,597	3,605,310
2014	1,369,940	2,238,670	3,608,610
2015	1,395,177	2,211,133	3,606,310
2016	1,425,426	2,183,084	3,608,510
2017	1,475,687	2,133,123	3,608,810
2018-2022	8,217,808	9,813,442	18,031,250
2023-2027	10,231,488	7,796,862	18,028,350
2028-2032	12,917,464	5,113,511	18,030,975
2033-2037	12,796,343	1,643,457	14,439,800
2038-2039	23,096	1,106	24,202
	<u>\$ 51,192,142</u>	<u>\$ 35,399,985</u>	<u>\$ 86,592,127</u>

THE FOLLOWING SCHEDULE DETAILS THE CHANGES IN REVENUE BONDS PAYABLE FOR THE YEARS ENDING DECEMBER 31:

	2012	2011	2010
BEGINNING BALANCE	\$ 42,844,846	\$ 44,365,249	\$ 45,841,099
ISSUED	24,600,000		
RETIRED	(16,252,704)	(1,520,403)	(1,475,850)
ENDING BALANCE	<u>\$ 51,192,142</u>	<u>\$ 42,844,846</u>	<u>\$ 44,365,249</u>

BOND PREMIUM - THE SERIES 2006 AND 2012 REVENUE BONDS WERE ISSUED AT A PREMIUM. THE INTEREST METHOD OF AMORTIZATION IS USED TO AMORTIZE THE PREMIUM, BASED ON THE EFFECTIVE INTEREST RATE OF THE ISSUE. THE AMOUNT AMORTIZED FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 WAS \$169,640 AND \$77,105, RESPECTIVELY. FOR THE YEAR ENDED DECEMBER 31, 2012, \$40,160 OF THE AMORTIZATION WAS CAPITALIZED. THE REMAINING AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES.

BOND DISCOUNT - THE SERIES 2001, 2002, 2004 AND 2012 REVENUE BONDS WERE ISSUED AT A DISCOUNT. THE INTEREST METHOD OF AMORTIZATION IS USED TO AMORTIZE THE DISCOUNT, BASED ON THE EFFECTIVE INTEREST RATE OF THE ISSUE. THE AMOUNT AMORTIZED FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 WAS \$15,968 AND \$13,053, RESPECTIVELY. FOR THE YEAR ENDED DECEMBER 31, 2012, \$5,600 OF THE AMORTIZATION WAS CAPITALIZED. THE REMAINING AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES.

LOSS FROM EARLY RETIREMENT OF DEBT - THE BENTON UTILITIES COMMISSION ON DECEMBER 12, 2011 REQUESTED AND RECEIVED A RESOLUTION DATED DECEMBER 19, 2011 FROM THE BENTON CITY COUNCIL FOR THE ISSUANCE OF A 2012 REFUNDING AND IMPROVEMENT BOND ISSUE. THE BONDS WERE ISSUED APRIL 1, 2012. THE PROCEEDS OF THE \$24,600,000 ISSUE REFUNDED THE 1995, 1997, 2001A, 2002, 2004A AND 2004B BONDS OUTSTANDING. THE DIFFERENCE BETWEEN THE BOOK VALUE OF THE REFUNDED DEBT AND THE AMOUNT REQUIRED TO RETIRE THE DEBT CREATED AN ECONOMIC LOSS OF \$220,045. THE LOSS WAS DEFERRED OVER THE LIFE OF THE REFUNDED DEBT USING THE INTEREST METHOD OF AMORTIZATION, BASED ON THE EFFECTIVE INTEREST RATE. THE AMOUNT AMORTIZED FOR THE YEAR ENDED DECEMBER 31, 2012 WAS \$13,991 WHICH IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RETIREMENT PLAN

THE EMPLOYEES OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS ARE COVERED BY A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME EMPLOYEES WHO HAVE SIX MONTHS OF SERVICE.

THE PLAN IS ADMINISTERED BY STEPHENS CAPITAL MANAGEMENT, INC. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE INCLUDED IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. AS OF THE DATE OF THIS REPORT, THE STAND-ALONE FINANCIAL REPORT FOR 2012 IS NOT AVAILABLE. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2011, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES CURRENTLY	
RECEIVING BENEFITS	41
VESTED TERMINATED EMPLOYEES	25
DISABLED	1
CURRENT EMPLOYEES	83
TOTAL	<u>150</u>

THE PLAN PROVIDES RETIREMENT BENEFITS AS WELL AS DISABILITY BENEFITS. BENEFITS BEGIN VESTING AT FIVE YEARS OF SERVICE AND ARE 100 PERCENT VESTED AT FIFTEEN YEARS OF SERVICE. ALL EMPLOYEES ARE ENTITLED TO A RETIREMENT BENEFIT BASED ON THEIR PERIOD OF SERVICE.

FOR SERVICES PRIOR TO OCTOBER 31, 1968, BENEFITS ARE BASED ON .5% OF MONTHLY COMPENSATION AND .5% OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM DATE OF HIRE TO OCTOBER 31, 1968. FOR SERVICE BETWEEN OCTOBER 31, 1968 AND DECEMBER 31, 1989, BENEFITS ARE BASED ON 2% OF AVERAGE MONTHLY COMPENSATION AND .75% OF AVERAGE MONTHLY COMPENSATION IN EXCESS OF \$400 MULTIPLIED BY YEARS OF SERVICE FROM THE LATER OF OCTOBER 31, 1969 TO DECEMBER 31, 1989. FOR SERVICES AFTER DECEMBER 31, 1989, BENEFITS ARE BASED ON 2.75% OF AVERAGE MONTHLY COMPENSATION MULTIPLIED BY YEARS OF SERVICE (MAXIMUM 30 YEARS) TO NORMAL RETIREMENT DATE.

EMPLOYEES MAY TAKE EARLY RETIREMENT BETWEEN 55 AND 65. THE EMPLOYEE MUST COMPLETE TEN YEARS OF SERVICE AND BE AT LEAST 55 YEARS OF AGE TO BE ELIGIBLE FOR BENEFITS. THE EARLY RETIREMENT PENSION IS THE ACTUARIAL EQUIVALENT OF THE ACCRUED BENEFITS AT NORMAL RETIREMENT AGE.

EMPLOYEES MAKE NO CONTRIBUTION TO THE PLAN. THE BENTON MUNICIPAL LIGHT AND WATER WORKS' CONTRIBUTION IS ACTUARIALLY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$729,000 IN 2012, \$750,000 IN 2011 AND \$750,005 IN 2010.

THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2012	2011	2010
ANNUAL REQUIRED			
CONTRIBUTION (ARC)	\$ 620,402	\$ 570,858	\$ 603,732
INTEREST ON NPO	(52,875)	(35,681)	(24,804)
ADJUSTMENT TO ARC	55,528	37,473	26,048
ANNUAL PENSION COST (APC)	623,055	572,650	604,976
ACTUAL CONTRIBUTION MADE	(729,000)	(750,000)	(750,005)
INCREASE (DECREASE) IN NPO	(105,945)	(177,350)	(145,029)
NPO - BEGINNING OF YEAR	(653,094)	(475,744)	(330,715)
NPO - END OF YEAR	<u>\$ (759,039)</u>	<u>\$ (653,094)</u>	<u>\$ (475,744)</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RETIREMENT PLAN (CONT'D)

THE ANNUAL REQUIRED CONTRIBUTION FOR 2012 WAS DETERMINED AS PART OF THE JANUARY 1, 2012, ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED 7.5% INVESTMENT RATE OF RETURN AND A PROJECTED SALARY INCREASE OF 2.0% ANNUALLY. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFITS INCREASES. THE ACTUARIAL VALUE OF ASSETS WAS BASED ON THE FAIR MARKET VALUE. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BEING AMORTIZED AS A LEVEL PERCENTAGE OF PROJECTED PAYROLL ON AN OPEN BASIS.

THE REMAINING AMORTIZATION PERIOD AT JANUARY 1, 2012 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS:

	<u>APC</u>	<u>% OF APC CONTRIBUTED</u>	<u>NPO</u>
2012	\$ 623,055	117.0%	\$ (759,039)
2011	\$ 572,650	131.0%	\$ (653,094)
2010	\$ 604,976	124.0%	\$ (475,744)

NOTE 8: RECLASSIFICATIONS

CERTAIN ACCOUNTS IN THE PRIOR-YEAR FINANCIAL STATEMENTS HAVE BEEN RECLASSIFIED FOR COMPARATIVE PURPOSES TO CONFORM WITH THE PRESENTATION IN THE CURRENT-YEAR FINANCIAL STATEMENTS. THE RECLASSIFICATIONS DID NOT AFFECT THE AMOUNT OF TOTAL ASSETS, LIABILITIES OR CHANGE IN NET POSITION FROM THE PRIOR-YEAR.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF OPERATING, BOARD DESIGNATED  
AND RESTRICTED FUNDS  
DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING FUNDS		
CASH ON HAND	\$ 2,600	\$ 2,600
DEMAND DEPOSITS - GENERAL OPERATING ACCOUNTS		
BANK OF THE OZARKS	1,617,185	3,261,957
UNION BANK	1,680,519	745,468
STEPHENS INVESTMENT POOL	519,469	518,528
TOTAL OPERATING FUNDS	<u>3,819,773</u>	<u>4,528,553</u>
BOARD DESIGNATED		
RESERVOIR CONTINGENT FUND - STEPHENS INVESTMENT POOL	90,323	90,160
UTILITY RATE RESERVE FUND - STEPHENS INVESTMENT POOL	1,032,919	1,031,047
UTILITY EMERGENCY FUND - STEPHENS INVESTMENT POOL	1,108,617	966,678
WATER SYSTEM CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	591,145	245,735
ELECTRIC CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	214,319	214,004
FACILITIES CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	138,429	180,076
DEBT SURPLUS FUND - BANK OF THE OZARKS	157,153	
WASTEWATER CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	2	2
FEMA FUND - BANK OF THE OZARKS	3,230	3,225
TOTAL BOARD DESIGNATED	<u>3,336,137</u>	<u>2,730,927</u>
RESTRICTED FUNDS		
BOND FUNDS		
12/01/06 ISSUE - GOLDMAN SACHS TREASURY INSTRUMENTS	473,699	474,945
03/06/09 ISSUE - REGION CORPORATE TRUST DEPARTMENT	2,620	2,620
04/01/12 ISSUE - US BANK FIRST AMERICAN GOVERNMENT OBLIGATION	815,104	
11/01/95 ISSUE - ADFA		71,702
12/17/97 ISSUE - ADFA		16,191
12/01/01A ISSUE - BANK OF THE OZARKS		130,297
10/01/02 ISSUE - STEPHENS INVESTMENT POOL		455,455
06/01/04 ISSUE - STEPHENS INVESTMENT POOL		267,714
TOTAL BOND FUNDS	<u>1,291,423</u>	<u>1,418,924</u>
DEPRECIATION FUND		
PUBLIC UTILITIES - STEPHENS CASH MGMT TRUST	582,363	461,414
DEBT SERVICE ESCROW FUND		
10/01/06 ISSUE - GOLDMAN SACHS TREASURY INSTRUMENTS	130,431	128,024
10/01/06 ISSUE - STEPHENS INSURED CD'S	1,385,000	1,385,000
10/01/06 ISSUE - STEPHENS CASH ACCOUNT	1,613	2,184
04/01/12 ISSUE - US BANK FIRST AMERICAN GOVERNMENT OBLIGATION	289,699	
12/01/01A ISSUE - FIRST SECURITY BANK		144,264
10/01/02 ISSUE - STEPHENS CASH MANAGEMENT TRUST		79,497
10/01/02 ISSUE - STEPHENS CASH ACCOUNT		640,794
TOTAL DEBT SERVICE ESCROW FUND	<u>1,806,743</u>	<u>2,379,763</u>
SYSTEM IMPROVEMENT FUNDS		
ELECTRIC, WATER AND WASTEWATER - FIRST SECURITY BANK	9,973,634	
WATER SYSTEM IMPROVEMENT FUND - STEPHENS CASH MGMT TRUST		44,864
TOTAL WATER SYSTEM IMPROVEMENT FUNDS	<u>9,973,634</u>	<u>44,864</u>
TOTAL RESTRICTED FUNDS	<u>13,654,163</u>	<u>4,304,965</u>
TOTAL OPERATING, DESIGNATED AND RESTRICTED FUNDS	<u>\$ 20,810,073</u>	<u>\$ 11,564,445</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
DEPARTMENTAL STATEMENTS OF REVENUES AND EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	LIGHT DEPT.	LIGHT DEPT.	WATER DEPT.	WATER DEPT.	WASTE WATER	WASTE WATER	ELIMINATIONS	ELIMINATIONS	COMBINED TOTAL	COMBINED TOTAL
REVENUE - OPERATIONS										
FEES	\$27,169,727	\$27,373,473	\$5,350,777	\$5,549,695	\$ 4,826,582	\$ 4,712,872			\$ 36,178,979	\$ 36,064,131
SERVICE CHARGES AND CONNECTION FEES	296,579	313,934	84,605	67,748	251,373	156,177			632,557	537,859
PENALTIES	252,367	328,818	54,181	75,516	71,804	100,763			378,352	505,097
GRANTS	161,688								161,688	
OTHER INCOME	193,529	225,943	54,660	18,336	34,757	39,788			282,946	284,067
TOTAL REVENUE - OPERATIONS	28,073,890	28,242,168	5,544,223	5,711,295	5,184,516	5,009,600	(1,168,107)	(1,571,909)	37,634,522	37,391,154
EXPENSES - OPERATIONS										
POWER COSTS	22,255,686	21,842,799							22,255,686	21,842,799
PLANT PRODUCTION			1,440,969	1,570,906	1,596,418	1,867,294	(1,004,218)	(1,405,953)	2,033,169	2,032,247
GENERAL AND DISTRIBUTION	3,378,792	2,665,785	822,415	799,316	1,288,885	1,164,655	(146,872)	(146,713)	5,343,220	4,483,043
ADMINISTRATIVE	858,803	915,292	744,556	806,636	766,351	818,968	(17,017)	(19,243)	2,352,693	2,521,653
DEPRECIATION	905,412	937,496	1,334,077	1,332,640	2,520,226	2,496,534			4,759,715	4,766,670
TOTAL EXPENSES - OPERATIONS	27,398,693	26,361,372	4,342,017	4,509,498	6,171,880	6,347,451	(1,168,107)	(1,571,909)	36,744,483	35,546,412
OPERATING INCOME	675,197	1,880,796	1,202,206	1,201,797	(987,364)	(1,337,851)			890,039	1,744,742
NONOPERATING REVENUES (EXPENSES)										
INTEREST REVENUE	14,698	18,067	865	3,914	4,531	1,023			20,094	23,004
INTEREST EXPENSE	(37,788)		(475,024)	(529,212)	(1,512,517)	(1,521,582)			(2,025,329)	(2,050,794)
TOTAL NONOPERATING REVENUES (EXPENSES)	(23,090)	18,067	(474,159)	(525,298)	(1,507,986)	(1,520,559)			(2,005,235)	(2,027,790)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 652,107	\$ 1,898,863	\$ 728,047	\$ 676,499	\$ (2,495,350)	\$ (2,858,410)			(1,115,196)	(283,048)
CAPITAL CONTRIBUTIONS										
TRANSFERS OUT:										
FRANCHISE FEES									1,213,919	2,324,427
APPROPRIATIONS									(1,863,400)	(1,858,453)
									265,654	262,510
CHANGE IN NET POSITION									\$ (1,499,023)	\$ 445,436

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF PLANT PRODUCTION AND TREATMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$ 385,214	\$ 305,884	\$ 691,098
FRINGE BENEFITS	166,160	158,681	324,841
VEHICLE OPERATIONS	11,304	23,308	34,612
BUILDING MAINTENANCE	76,467	122,717	199,184
EQUIPMENT REPAIRS	82,781	157,303	240,084
OFFICE SUPPLIES	1,355	844	2,199
JANITORIAL SUPPLIES AND SERVICES	3,089	5,039	8,128
COMPUTER SUPPLIES	1,969	814	2,783
CHEMICALS	212,040	41,287	253,327
LABORATORY	3,036	32,470	35,506
MISCELLANEOUS	6,644	36,071	42,715
ELECTRIC, WATER AND WASTE WATER	445,538	559,483	1,005,021
HEAT - NATURAL GAS	2,646	76,504	79,150
TELEPHONE	3,645	5,118	8,763
SMALL TOOLS	992	656	1,648
PROFESSIONAL AND CONSULTING	6,875	31,936	38,811
INSURANCE	27,506	35,533	63,039
SMALL EQUIPMENT	3,708	2,770	6,478
TOTAL	<u>\$1,440,969</u>	<u>\$1,596,418</u>	<u>\$3,037,387</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF GENERAL, DISTRIBUTION AND COLLECTION EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$1,146,466	\$317,275	\$ 368,168	\$ 1,831,909
FRINGE BENEFITS	512,739	148,863	160,704	822,306
VEHICLE OPERATIONS	157,444	67,308	79,451	304,203
BUILDING MAINTENANCE	18,154	8,063	5,103	31,320
LINE MAINTENANCE	608,269	201,142	270,647	1,080,058
EQUIPMENT REPAIRS	8,795	4,459	6,327	19,581
STREET LIGHT REPAIRS	20,104			20,104
LIFT STATION MAINTENANCE			168,113	168,113
OFFICE SUPPLIES	1,186	820	2,945	4,951
JANITORIAL SUPPLIES AND SERVICES	4,258	2,511	3,332	10,101
COMPUTER SUPPLIES	3,235	38	1,094	4,367
COMPUTER SERVICES	19,752	81	419	20,252
ELECTRICAL GENERATION - NATURAL GAS	2,676	2,823	1,125	6,624
ELECTRIC, WATER AND WASTE WATER	13,507	11,450	151,555	176,512
MISCELLANEOUS	46,216	8,964	5,779	60,959
TELEPHONE	12,865	5,955	3,025	21,845
EQUIPMENT RENTAL	54		97	151
SMALL TOOL EXPENSE	10,417	4,631	1,592	16,640
PROFESSIONAL AND CONSULTING	741,678	20,330	34,297	796,305
INSURANCE	36,054	11,970	19,216	67,240
SMALL EQUIPMENT EXPENSE	14,923	5,732	5,896	26,551
TOTAL	<u>\$3,378,792</u>	<u>\$822,415</u>	<u>\$ 1,288,885</u>	<u>\$ 5,490,092</u>



BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$387,806	\$387,806	\$ 387,806	\$ 1,163,418
FRINGE BENEFITS	162,743	162,743	162,742	488,228
VEHICLE OPERATIONS	12,758	12,758	12,757	38,273
BUILDING MAINTENANCE	6,039	6,039	6,039	18,117
EQUIPMENT REPAIRS	9,730	9,730	9,730	29,190
OFFICE SUPPLIES	12,184	12,184	12,184	36,552
POSTAGE	25,183	25,183	25,182	75,548
JANITORIAL SUPPLIES AND SERVICES	4,717	4,717	4,718	14,152
COMPUTER SUPPLIES	1,672	1,672	1,673	5,017
COMPUTER AND BILLING SERVICES	16,564	16,564	16,565	49,693
ELECTRICITY, WATER AND WATER	5,672	5,672	5,673	17,017
MISCELLANEOUS	21,480	21,480	21,479	64,439
HEAT - NATURAL GAS	739	739	739	2,217
TELEPHONE	6,486	6,486	6,485	19,457
PROFESSIONAL AND CONSULTING	16,015	16,015	16,014	48,044
CUSTOMER COLLECTION EXPENSE	21,139	21,139	21,139	63,417
INSURANCE	8,993	8,993	8,994	26,980
SMALL EQUIPMENT EXPENSE	5,617	2,119	11,576	19,312
BAD DEBT EXPENSE	133,266	22,517	34,856	190,639
TOTAL	<u>\$858,803</u>	<u>\$744,556</u>	<u>\$ 766,351</u>	<u>\$ 2,369,710</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SUPPLEMENTAL WATER AND SEWER DISCLOSURES

THE FOLLOWING IS A SUMMARY OF WATER AND SEWER RATES AND USAGE INFORMATION FOR THE SYSTEM AT DECEMBER 31, 2012:

SEWER MONTHLY RATES

(A) 0-2 MG MINIMUM AVERAGE WATER USAGE - \$13.10

(B) ALL OVER 2 MG MINIMUM AVERAGE WATER USAGE - \$13.10 MINIMUM, PLUS \$4.80 PER MG FOR ALL OVER 2 MG, OUT OF CITY LIMITS \$22.93 MINIMUM AND \$8.40 MG FOR ALL OVER 2 MG.

(C) NEW RESIDENTIAL CUSTOMERS CHARGED \$30.00 PER MONTH UNTIL SIX (6) WINTER MONTHS TIME FRAME ESTABLISHED.

(D) COMMERCIAL/INDUSTRIAL CUSTOMERS WILL BE BASED ON ACTUAL MONTHLY WATER USAGE UNLESS A LEVELIZED BILL IS APPROVED BY THE UTILITIES GENERAL MANAGER.

(E) THOSE SEWER CUSTOMERS MOVING FROM ONE LOCATION TO ANOTHER ON THE CITY SYSTEM, AND HAVING A PREVIOUSLY ESTABLISHED SIX (6) WINTER MONTHS USAGE TIME FRAME AT THE OLD LOCATION, SHALL HAVE THE SEWER RATE FOR THEIR PREVIOUS LOCATION CONTINUED AT THEIR NEW LOCATION.

NUMBER OF SEWER USERS

	<u>2012</u>
RESIDENTIAL	11,712
COMMERCIAL	1,213
INDUSTRIAL	15
	<u>12,940</u>

<u>ANNUAL BILLABLE WATER</u>	<u>2012</u> <u>GALLONS (000s)</u>
TOTAL ANNUAL BILLABLE WATER	1,056,453
LESS WATER BILLABLE TO NON-SEWERED CUSTOMERS	(46,728)
NET BILLABLE TO SEWER CUSTOMERS	<u>1,009,725</u>
RESIDENTIAL	760,438
COMMERCIAL	145,849
INDUSTRIAL	<u>103,438</u>
TOTAL WATER BILLABLE TO SEWER CUSTOMERS	<u>1,009,725</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED DECEMBER 1, 2006

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$26,500,000
03/01/2013		662,500	26,500,000
09/01/2013		662,500	26,500,000
03/01/2014		662,500	26,500,000
09/01/2014		662,500	26,500,000
03/01/2015		662,500	26,500,000
09/01/2015		662,500	26,500,000
03/01/2016		662,500	26,500,000
09/01/2016		662,500	26,500,000
03/01/2017		662,500	26,500,000
09/01/2017	185,000	662,500	26,315,000
03/01/2018		657,875	26,315,000
09/01/2018	460,000	657,875	25,855,000
03/01/2019		646,375	25,855,000
09/01/2019	745,000	646,375	25,110,000
03/01/2020		627,750	25,110,000
09/01/2020	785,000	627,750	24,325,000
03/01/2021		608,125	24,325,000
09/01/2021	820,000	608,125	23,505,000
03/01/2022		587,625	23,505,000
09/01/2022	865,000	587,625	22,640,000
03/01/2023		566,000	22,640,000
09/01/2023	905,000	566,000	21,735,000
03/01/2024		543,375	21,735,000
09/01/2024	950,000	543,375	20,785,000
03/01/2025		519,625	20,785,000
09/01/2025	1,000,000	519,625	19,785,000
03/01/2026		494,625	19,785,000
09/01/2026	1,045,000	494,625	18,740,000
03/01/2027		468,500	18,740,000
09/01/2027	1,100,000	468,500	17,640,000
03/01/2028		441,000	17,640,000
09/01/2028	1,160,000	441,000	16,480,000
03/01/2029		412,000	16,480,000
09/01/2029	1,215,000	412,000	15,265,000
03/01/2030		381,625	15,265,000
09/01/2030	1,275,000	381,625	13,990,000
03/01/2031		349,750	13,990,000
09/01/2031	2,055,000	349,750	11,935,000
03/01/2032		298,375	11,935,000
09/01/2032	2,160,000	298,375	9,775,000

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE (CONTINUED)  
ISSUE DATED DECEMBER 1, 2006

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
03/01/2033		244,375	9,775,000
09/01/2033	2,270,000	244,375	7,505,000
03/01/2034		187,625	7,505,000
09/01/2034	2,380,000	187,625	5,125,000
03/01/2035		128,125	5,125,000
09/01/2035	2,500,000	128,125	2,625,000
03/01/2036		65,625	2,625,000
09/01/2036	2,625,000	65,625	
	<u>\$26,500,000</u>	<u>\$23,081,750</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED MARCH 6, 2009

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$ 242,142
06/01/2013	2,329	5,751	239,813
12/01/2013	2,384	5,696	237,429
06/01/2014	2,441	5,639	234,988
12/01/2014	2,499	5,581	232,489
06/01/2015	2,558	5,522	229,931
12/01/2015	2,619	5,461	227,312
06/01/2016	2,681	5,399	224,631
12/01/2016	2,745	5,335	221,886
06/01/2017	2,810	5,270	219,076
12/01/2017	2,877	5,203	216,199
06/01/2018	2,945	5,135	213,254
12/01/2018	3,015	5,065	210,239
06/01/2019	3,087	4,993	207,152
12/01/2019	3,160	4,920	203,992
06/01/2020	3,235	4,845	200,757
12/01/2020	3,312	4,768	197,445
06/01/2021	3,391	4,689	194,054
12/01/2021	3,471	4,609	190,583
06/01/2022	3,554	4,526	187,029
12/01/2022	3,638	4,442	183,391
06/01/2023	3,724	4,356	179,667
12/01/2023	3,813	4,267	175,854
06/01/2024	3,903	4,177	171,951
12/01/2024	3,996	4,084	167,955
06/01/2025	4,091	3,989	163,864
12/01/2025	4,188	3,892	159,676
06/01/2026	4,288	3,792	155,388
12/01/2026	4,390	3,690	150,998
06/01/2027	4,494	3,586	146,504
12/01/2027	4,601	3,479	141,903
06/01/2028	4,710	3,370	137,193
12/01/2028	4,822	3,258	132,371
06/01/2029	4,936	3,144	127,435
12/01/2029	5,053	3,027	122,382
06/01/2030	5,173	2,907	117,209
12/01/2030	5,296	2,784	111,913
06/01/2031	5,422	2,658	106,491
12/01/2031	5,551	2,529	100,940
06/01/2032	5,683	2,397	95,257

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE (CONTINUED)  
ISSUE DATED MARCH 6, 2009

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
12/01/2032	5,818	2,262	89,439
06/01/2033	5,956	2,124	83,483
12/01/2033	6,097	1,983	77,386
06/01/2034	6,242	1,838	71,144
12/01/2034	6,390	1,690	64,754
06/01/2035	6,542	1,538	58,212
12/01/2035	6,697	1,383	51,515
03/01/2036	6,857	1,223	44,658
12/01/2036	7,019	1,061	37,639
06/01/2037	7,186	894	30,453
12/01/2037	7,357	723	23,096
06/24/2038	7,531	549	15,565
12/01/2038	7,710	370	7,855
06/01/2039	7,855	187	
	<u>\$ 242,142</u>	<u>\$ 186,060</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED APRIL 1, 2012

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$24,450,000
03/01/2013		464,575	24,450,000
09/01/2013	1,335,000	464,575	23,115,000
03/01/2014		451,225	23,115,000
09/01/2014	1,365,000	451,225	21,750,000
03/01/2015		437,575	21,750,000
09/01/2015	1,390,000	437,575	20,360,000
03/01/2016		423,675	20,360,000
09/01/2016	1,420,000	423,675	18,940,000
03/01/2017		398,825	18,940,000
09/01/2017	1,285,000	398,825	17,655,000
03/01/2018		379,550	17,655,000
09/01/2018	1,055,000	379,550	16,600,000
03/01/2019		363,725	16,600,000
09/01/2019	825,000	363,725	15,775,000
03/01/2020		351,350	15,775,000
09/01/2020	845,000	351,350	14,930,000
03/01/2021		338,675	14,930,000
09/01/2021	875,000	338,675	14,055,000
03/01/2022		321,175	14,055,000
09/01/2022	910,000	321,175	13,145,000
03/01/2023		302,975	13,145,000
09/01/2023	945,000	302,975	12,200,000
03/01/2024		284,075	12,200,000
09/01/2024	985,000	284,075	11,215,000
03/01/2025		259,450	11,215,000
09/01/2025	1,030,000	259,450	10,185,000
03/01/2026		233,700	10,185,000
09/01/2026	1,090,000	233,700	9,095,000
03/01/2027		206,450	9,095,000
09/01/2027	1,140,000	206,450	7,955,000
03/01/2028		177,950	7,955,000
09/01/2028	1,190,000	177,950	6,765,000
03/01/2029		154,894	6,765,000
09/01/2029	1,240,000	154,893	5,525,000
03/01/2030		130,869	5,525,000
09/01/2030	1,290,000	130,869	4,235,000
03/01/2031		105,875	4,235,000
09/01/2031	625,000	105,875	3,610,000
03/01/2032		90,250	3,610,000
09/01/2032	655,000	90,250	2,955,000

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE (CONTINUED)  
ISSUE DATED APRIL 1, 2012

DECEMBER 31, 2012

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
03/01/2033		73,875	2,955,000
09/01/2033	685,000	73,875	2,270,000
03/01/2034		56,750	2,270,000
09/01/2034	720,000	56,750	1,550,000
03/01/2035		38,750	1,550,000
09/01/2035	755,000	38,750	795,000
03/01/2036		19,875	795,000
09/01/2036	795,000	19,875	
	<u>\$24,450,000</u>	<u>\$12,132,175</u>	



BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
ESTIMATED DEBT SERVICE COVERAGE

YEAR ENDING 12/31	DECEMBER 31, 2012				TOTAL BONDS
	12/1/2006 BONDS	03/06/2009 BONDS	4/1/2012 BONDS		
2013	\$ 1,325,000	\$ 16,160	\$ 2,264,150	\$	3,605,310
2014	1,325,000	16,160	2,267,450		3,608,610
2015	1,325,000	16,160	2,265,150		3,606,310
2016	1,325,000	16,160	2,267,350		3,608,510
2017	1,510,000	16,160	2,082,650		3,608,810
2018	1,775,750	16,160	1,814,100		3,606,010
2019	2,037,750	17,160	1,552,450		3,607,360
2020	2,040,500	16,160	1,547,700		3,604,360
2021	2,036,250	16,160	1,552,350		3,604,760
2022	2,040,250	16,160	1,552,350		3,608,760
2023	2,037,000	16,160	1,550,950		3,604,110
2024	2,036,750	16,160	1,553,150		3,606,060
2025	2,039,250	16,160	1,548,900		3,604,310
2026	2,034,250	16,160	1,557,400		3,607,810
2027	2,037,000	16,160	1,552,900		3,606,060
2028	2,042,000	16,160	1,545,900		3,604,060
2029	2,039,000	16,160	1,549,787		3,604,947
2030	2,038,250	16,160	1,551,738		3,606,148
2031	2,754,500	16,160	836,750		3,607,410
2032	2,756,750	16,160	835,500		3,608,410
2033	2,758,750	16,160	832,750		3,607,660
2034	2,755,250	15,160	833,500		3,603,910
2035	2,756,250	16,160	832,500		3,604,910
2036	2,756,250	16,160	834,750		3,607,160
2037		16,160			16,160
2038		16,160			16,160
2039		8,042			8,042
TOTALS	\$ 49,581,750	\$ 428,202	\$ 36,582,175		\$ 86,592,127

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR  
BENTON UTILITIES EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACCRUED LIABILITY (UAL)	FUNDED RATIO	COVERED		UAL AS A % OF COVERED PAYROLL (b-a)/c)
					(a/b)	(c)	
12/31/11	\$10,175,300	\$13,859,330	\$3,684,030	73.42%	\$3,303,219	111.53%	
12/31/10	\$10,145,005	\$13,191,285	\$3,046,280	76.91%	\$3,358,173	90.71%	
12/31/09	\$ 8,965,792	\$12,539,395	\$3,573,603	71.50%	\$3,236,853	110.40%	
12/31/08	\$ 7,626,071	\$11,899,434	\$4,273,363	64.09%	\$3,268,385	130.75%	
12/31/07	\$ 8,851,233	\$11,271,934	\$2,420,701	78.52%	\$3,192,087	75.83%	